

Telogical Systems' Recommendations for Form 477 NPRM

*Exparte Presentation to the
FCC
May 11, 2011*

- I. Pricing intelligence is essential to the FCC's goals
- II. Isolated snapshots of pricing behavior are insufficient
- III. Telogical's Recommendations
 - I. Understand pricing behavior with interactive reporting system
 - II. Leverage public domain pricing data
 - III. Ensure complete pricing data remains in public domain

I. Pricing data is essential

- Telogical Systems has urged the FCC in prior solicitations to collect pricing data as a key input to the Commission’s broadband initiatives.
- Without pricing data the FCC cannot get a full perspective on the broadband industry in the United States today.

“The price that companies charge consumers to obtain broadband services is a vital barometer of affordability and of success in achieving the Commission’s mandate to ensure reasonable and timely deployment of broadband services.”

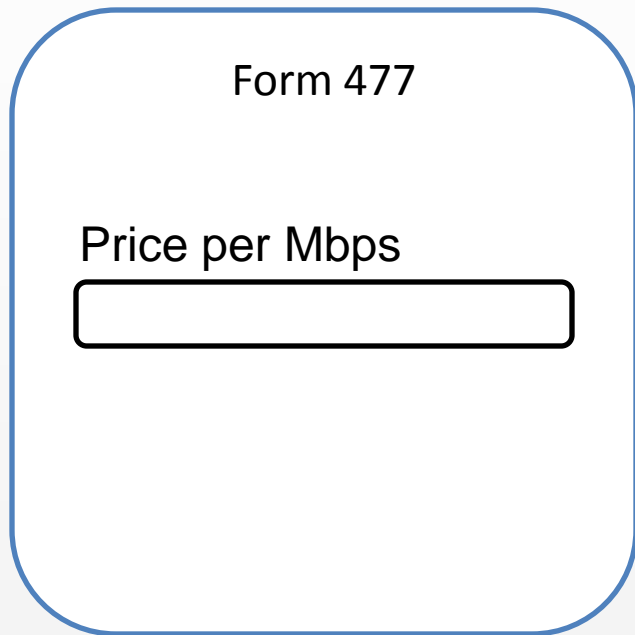
See, e.g., Comments of New Jersey Division of Rate Counsel, WC Docket No. 11-10, at 10 (filed March 30, 2011).

II. Isolated snapshots of complex pricing behavior are insufficient

- Form-based data is inherently flawed, in that it presents isolated snapshots of complex pricing behavior

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A diagram of Form 477, which is a rounded rectangle with a blue border. Inside, the text "Form 477" is at the top. Below it, the text "Price per Mbps" is followed by a horizontal rectangular input field.

- Low-end broadband services always have the highest price per Mbps, due to broadband cost structure
- This form thus incentivizes providers to *not* sell the most inexpensive speeds
- Which price should be reported?
 - Standalone, double-play or triple-play price?
 - Promotional price?
 - Inclusive of modems?

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Form 477

Price for Basket A

Price for Basket B

Price for Basket C

- Which price should be reported?
 - Standalone, double-play or triple-play price?
 - Promotional price?
 - Inclusive of modems?
- Do all service providers offer all baskets?
- Favors providers who discount baskets selected by FCC.

II. Isolated snapshots of complex pricing behavior are insufficient

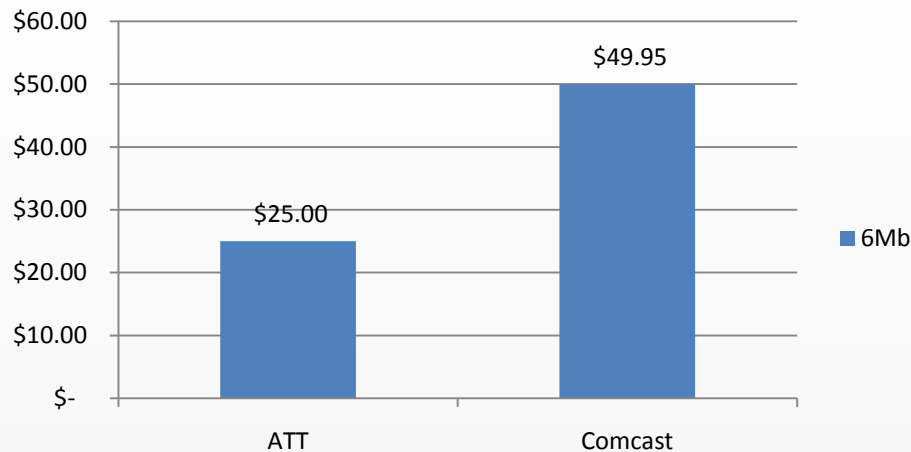
“AT&T and other commenters have made a detailed showing that the proposed data collections would not provide meaningful information to assist the Commission in performing its duties because broadband service offerings are multi-faceted, which makes ‘apples to apples’ comparisons of their prices exceedingly difficult.”

See, e.g., Reply Comments of AT&T, WC Docket No. 11-10, at 3 (filed April 14, 2011).

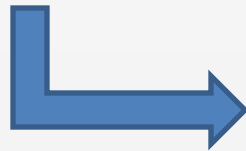
Bottom Line: If consumers have to understand complex pricing schemes to determine if affordable broadband service is available, shouldn't the FCC as well?

Recommendation #1: Understand pricing behavior with interactive reporting system

First Month Charge



- All static reports generate more questions than answers.
- “Snapshot” pricing data collected on forms will often not be sufficient to answer follow-up questions

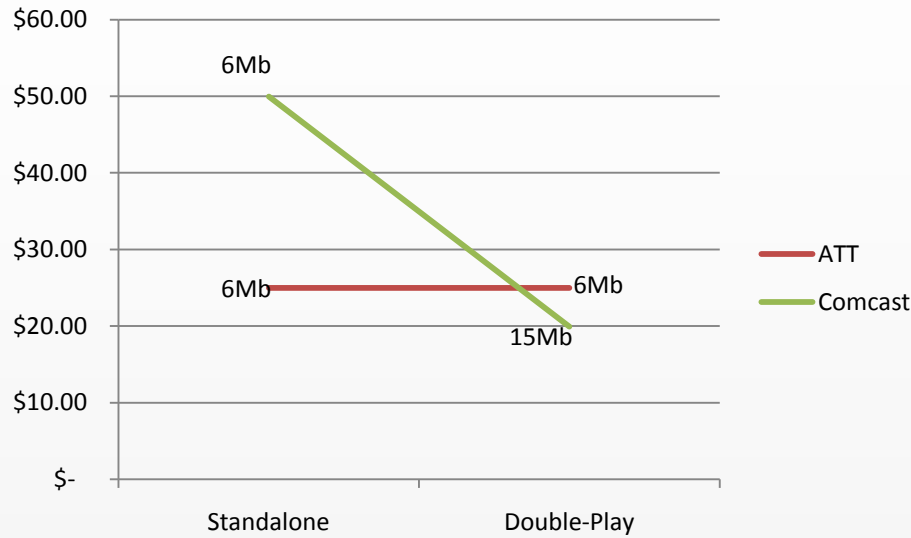


ATT, unlike Comcast, appears to provide affordable broadband in Atlanta. But most people don't buy standalone internet and nothing else. What about bundles?

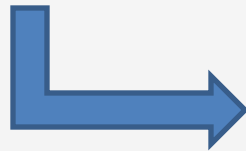


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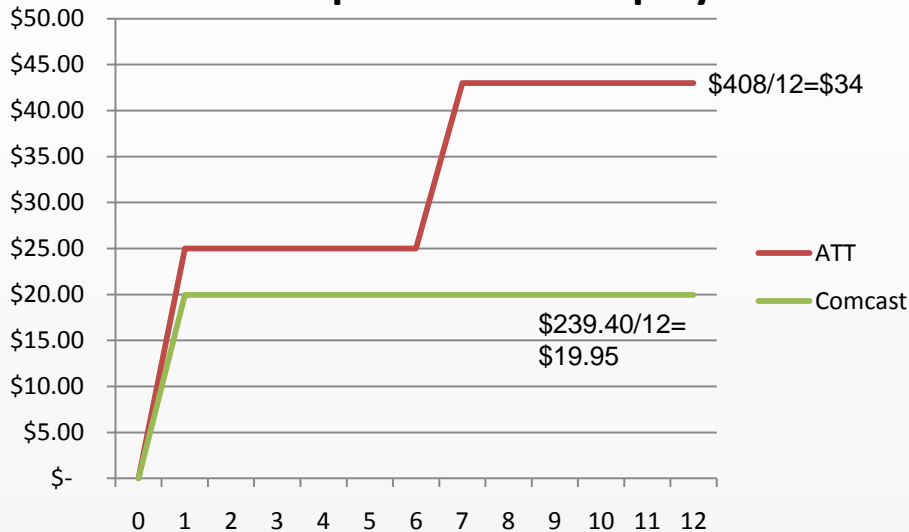


Comcast has a strategy of heavily pushing bundles. But does this apply to the whole year?

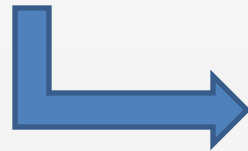


Recommendation #1: Understand pricing behavior with interactive reporting system

1 Year TCO and Monthly for Internet as part of double-play



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Upon further inspection, it turns out that ATT's bundle strategy shifts discounts to the video line item. But what about modems? What about non-Uverse parts of Atlanta?



Recommendation #2: Leverage public domain pricing data

- Collection of pricing data from service provider websites will come at no extra cost to the service providers.
- The service providers overwhelmingly call for pricing data to be collected from their websites.

“Beyond the fact that price information is already available on carriers’ websites, price reporting would be unduly burdensome and impractical.”

See, e.g.,
Comments of T-Mobile, WC Docket No. 11-10, at 13 (filed March 30, 2011).

“TWC and other broadband providers already make significant information about their services available on their websites and update them regularly, giving the Commission real-time access to current information about broadband services.”

See, e.g., Comments of Time Warner Cable Inc., WC Docket No. 11-10, at 15 (filed March 30, 2011).

- Telogical Systems has shown that the collection of pricing data from websites can be done effectively and at small expense.

Recommendation #3: Ensure complete pricing data remains in public domain

- A source of bill shock is the practice of disclosing extra fees on a web site when a consumer has already been presented with line items and a total line.
- Increasingly, service providers disclose extra fees in addition to the previous “total” only after a consumer has provided a social security number or credit card information in a checkout screen.
- Consumers understandably assume that all charges have been disclosed by a service provider on offer detail screens that clearly display line items and total costs.
- When complete pricing data is not available in the public domain, it both causes bill shock *and* makes it harder for 3rd parties like the FCC to protect consumers.